

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 AGRE-00 DOE-15 SOE-02 /108 W
-----095231 200643Z /11

R 200601Z APR 78
FM AMEMBASSY BERLIN
TO SECSTATE WASHDC 7196
INFO AMEMBASSY BONN
USLO PEKING

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PASS AGRICULTURE ELECTRONICALLY
BONN AND PEKING FOR AGATT

E.O. 11652: N/A
TAGS: EAGR, GE
SUBJ: GDR WHEAT IMPORT SITUATION

1. SUMMARY: NAHRUNG CONCERNED OVER PROBLEMS OF PRICE, SHIPPING TIME, AND, PRINCIPALLY, SPROUTING GRAIN IN DURUM IMPORTED FROM U.S. GREAT PLAINS WHEAT SAW LITTLE LIKELIHOOD OF RECURRENCE LATTER PROBLEM AND SAID SAMPLE CHECKS WOULD BE MADE TO INSURE THIS. PRC SEEN AS KEY TO WORLD GRAIN SITUATION. GDR GRAIN IS IN GOOD CONDITION WITH SOME POSSIBILITY OF PROBLEMS IN MALTING BARLEY. END SUMMARY.

2. EUROPEAN DIRECTOR OF GREAT PLAINS WHEAT (GPW) ROBERT DRYNAN, GPW REGIONAL MARKETING SPECIALIST RONALD FRAASE AND AGATT APRIL 17 VISITED HORST BERGEMANN AND WERNER SIMON AT NAHRUNG (EXPORT-
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IMPORT TRADE ORGANIZATION FOR GRAINS, ETC.) TO DISCUSS WORLD GRAIN SITUATION AND ANY PROBLEMS CONCERNING WHEAT DELIVERIES FROM U.S. TO GDR. DRYNAN KICKED MEETING OFF BY INTRODUCING FRAASE, WHO WILL BE DRYNAN'S SUCCESSOR AS DIRECTOR OF GPW AT ROTTERDAM. HE THEN ASKED BERGEMANN IF GDR SATISFIED WITH U.S. WHEAT PURCHASES.

3. BERGEMANN REPLIED THAT HE WAS CONCERNED OVER PRICES, WHICH HE BELIEVED WILL BE RISING. HE ALSO EXPRESSED CONCERN OVER PROTRACTED DELIVERY TIME REQUIRED FOR U.S. WHEAT, STATING THAT OVER 4 WEEKS ARE REQUIRED FOR DELIVERY. FINALLY, HE SAID THAT THE GDR WAS DISAPPOINTED OVER PROBLEM ENCOUNTERED IN PURCHASING U.S. WHEAT WITH SPROUTING KERNELS AND THAT THIS HAD CAUSED PASTA PROBLEMS.

4. DRYNAN REPLIED THAT EVEN IF U.S. CROP WERE GOOD THIS YEAR THE EXISTING SUPPORT PROGRAMS WOULD MAINTAIN PRICES AT NO LOWER THAN CURRENT LEVELS AND PROBABLY AT HIGHER LEVELS. IN REGARD TO TRANSPORTATION, HE POINTED OUT THAT UNUSUALLY SEVERE U.S. WINTER AND GRAIN ELEVATOR DISASTERS HAD CAUSED TRANSPORTATION PROBLEMS WHICH HE EXPECTED WOULD NOW EASE. FINALLY, DRYNAN SAID THAT SPROUTING PROBLEM WAS UNEXPECTED AND THAT GPW HAD NOT BELIEVED THAT SPROUTING WHEAT WOULD SHOW UP IN EXPORT SHIPMENTS TO EXTENT THAT IT DID. BERGEMANN EXPRESSED SOME SKEPTICISM AS TO IGNORANCE OF GRAIN AUTHORITIES CONCERNING SPROUTING PROBLEM AND EFFECTIVENESS INSPECTION, AND HE WONDERED WHETHER PURCHASES MADE LATER THIS YEAR IN SEPTEMBER AND OCTOBER WOULD CONTAIN SPROUTING WHEAT. FRAASE SAID THAT HIS EXPERIENCE SHOWED THAT WHEAT FARMERS LIMITED OFFICIAL USE

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NORMALLY SELL DAMAGED WHEAT FIRST. HE DOUBTED THAT SPROUTING WHEAT WOULD SHOW UP IN FUTURE SHIPMENTS. BERGEMANN SAID THAT THE GDR WOULD LOOK VERY, VERY CAREFULLY AT ANY FUTURE PURCHASES OF U.S. DURUM. DRYNAN SAID THAT GPW PLANNED TO TAKE SAMPLES TO CHECK SITUATION BUT THAT IT WOULD NOT BE FREE TO NAME SPECIFIC VESSELS. HE PROMISED THAT INFORMATION ON THIS MATTER WOULD BE SENT TO NAHRUNG AND THAT GPW WOULD DO WHAT WAS POSSIBLE TO PRECLUDE A RECURRENCE OF SPROUTING PROBLEM.

5. BERGEMANN ADDED THAT NAHRUNG HAD PURCHASED 60,000 M.T. OF DURUM, WHICH HE SAID WAS GENERALLY OF POOR QUALITY, AND HE POINTED OUT THAT DURUM COULD COME FROM SOURCES OTHER THAN THE U.S. HE SAID THAT ONLY TIME WOULD SHOW WHETHER THE PROBLEM HAD NOW DISAPPEARED AND HE REITERATED THAT HE HAD IMPRESSION THAT THE GDR HAD BEEN "KEPT IN THE DARK" AND HAD RECEIVED INFORMATION ABOUT SPROUTING TOO LATE. BERGEMANN ALSO INDICATED THAT WHEAT IMPORTS BY THE GDR WERE ONLY MADE UNDER UNUSUAL CIRCUMSTANCES (I.E., DROUGHT). ON THE OTHER HAND, HE SAID THE GDR NEEDED

FEEDGRAINS AND U.S. WAS A PREFERRED SOURCE.

6. BERGEMANN ASKED WHAT GPW THOUGHT ABOUT THE U.S. WHEAT CROP. HE SAID THAT HIS REPORT SHOWED THAT ACREAGE WOULD BE DOWN BUT THAT YIELDS WERE GOING UP. IT WAS THE CONSENSUS OF THOSE PRESENT THAT THE U.S. PRODUCTION SITUATION WAS GENERALLY FAVORABLE.

7. DRYNAN SUGGESTED THAT CURRENT GRAIN PROGRAMS IN THE U.S. COULD HAVE AN IMPORTANT IMPACT ON FUTURE YEARS. FINALLY, HE SAID THE REAL KEY TO THE WORLD WHEAT SITUATION WAS PROBABLY EXTENT OF PURCHASES BY PRC. BERGEMANN REPLIED THAT PRC AND INDIA HAVE ALWAYS BEEN IMPORTANT FACTORS IN THE WORLD MARKET,

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NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
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BUT THAT THE PRC DIRECTS PURCHASES ON BASIS POLITICAL
MOTIVATION.

8. AGATT SAID THAT HE HAD BEEN LOOKING AT THE CROP THIS WEEK AND THAT IT HAD BEEN HIS IMPRESSION THAT THE SPRING-PLANTED GRAINS WERE A LITTLE LATE, BUT THAT ALL OTHER GRAIN WAS IN GOOD SHAPE. HE ASKED BERGEMANN FOR HIS VIEWS. BERGEMANN REPLIED THAT WINTER CROPS, BOTH WHEAT AND BARLEY, WERE IN EXCELLENT CONDITION. THERE WAS LITTLE PROBLEM CONCERNING WHEAT SINCE BULK IS IN WINTER VARIETIES, AND SOIL MOISTURE

LEVELS ARE EXCELLENT. IN REGARD TO BARLEY, ONLY
POTENTIAL PROBLEM IS IN MALTING BARLEY, WHICH IS
SPRING PLANTED.

9. BEFORE CLOSING THE MEETING, BERGEMANN AND SIMON
WERE INVITED BY THE GPW REPRESENTATIVES TO AGAIN
CONSIDER GPW'S INVITATION FOR A TECHNICAL VISIT
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TO THE UNITED STATES. AGATT ADDED THAT USDA STOOD
READY TO ASSIST IN SCHEDULING MEETINGS WITH GOVERNMENT,
RESEARCH AND/OR UNIVERSITY GROUPS. BOLEN

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